

## ***Understanding Your Conservation Program Contract: Modification, Cancellation and Termination***

April 2008

---

### **INTRODUCTION**

The Conservation Program Contract (CPC) is intended to help a participant install, operate, and maintain a conservation system. The basis for the CPC is an up-to-date conservation plan that details the conservation practices to be implemented, timing of implementation, location, estimates of payments, the conservation benefits, and operation and maintenance of the practice(s).

The CPC is a legally binding agreement that defines the terms, conditions and responsibilities of the participant(s) and NRCS. The CPC may be modified or cancelled upon mutual agreement by all parties. The State Conservationist may decide to terminate the CPC if the participant does not comply with all provisions of the CPC and Appendix.

### **CONTRACT MODIFICATION**

Situations arise during the contract period that may require changes to the CPC. Contract modifications are specific changes to the terms and conditions of the contract.

#### **Q. Can I modify my contract?**

**A.** You may request a modification to your CPC. The CPC may be modified if the change is consistent with the purposes of the Program and NRCS agrees to the modification.

#### **Q. What steps are involved in modifying my contract?**

**A.** A CPC modification is documented on either the Revision of Conservation Plan/Schedule of Operations or the Transfer Agreement form. You must manually sign these forms prior to requesting approval by the NRCS Area Conservationist. In special circumstances, contract modification may require approval by the State Conservationist.

### **CONTRACT CANCELLATION**

Contract cancellation is an equitable remedy that allows both parties to end the contractual agreement.

#### **Q. Can I cancel my contract?**

**A.** You can request that NRCS agree to contract cancellation. You must request contract cancellation in writing.

#### **Q. What steps are involved in cancelling my contract?**

**A.** Write a letter to your District Conservationist requesting CPC cancellation. You must include in your letter detailed reason(s) why you are requesting cancellation. Your local Field Office will submit your cancellation request to the State Conservationist within 10 working days of receiving it. The State Conservationist will review your request and respond to you within 30 working days of receiving your request.

**Q. What are the consequences of cancelling my contract?**

**A.** If the contract is canceled, you forfeit all rights to any payments under the contract and you may be required to refund all payments and pay liquidated damages applicable to the contract, as described in the CPC Appendix.

**CONTRACT TERMINATION**

If NRCS determines that a participant is in violation of the terms of the CPC and/or Appendix, the State Conservationist may terminate the CPC. Contract termination is a result of a material breach of the terms and conditions of the CPC.

**Q. What steps are involved in terminating my contract?**

**A.** NRCS must give the participant a reasonable period of time, as determined by the State Conservationist, to correct or remedy the violation and comply with the terms of the contract and attachments. If the participant continues to be in violation, the STC may terminate the CPC.

**Q. What are the consequences of terminating my contract?**

**A.** If the CPC is terminated, you forfeit all rights to any payments under the contract. Terminations for cause usually result in an assessment of liquidated damages for a recovery of costs associated with the administration of the breached contract.

**Q. What is cost recovery?**

**A.** When a CPC is terminated or canceled, NRCS pursues a recovery of costs associated with the contract. Recovery costs include an estimated value of technical assistance (liquidated damages) and a refund of financial assistance (payment obligations).

**Q. What are liquidated damages?**

**A.** Liquidated damages are an amount previously agreed upon by parties to the CPC that are a reasonable estimation of actual damages, or losses incurred by NRCS when the program participant breaches the terms and conditions of the contract. NRCS may make liquidated damage assessments of up to 20 percent of the total financial assistance funds obligated to the CPC at the time the contract is terminated or cancelled. This assessment is an amount over and above recovery of financial assistance previously received by a participant.

***For More Information***

If you need more information about your Conservation Program Contract (CPC), please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture.

**Note:** This is not intended to be a definitive interpretation of farmbill legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.